

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 56th LEGISLATURE - REGULAR SESSION

JOINT APPROPRIATIONS SUBCOMMITTEE ON GENERAL GOVERNMENT AND TRANSPORTATION

Call to Order: By **CHAIRMAN LILA TAYLOR**, on February 1, 1999 at
9:30 A.M., in Room 402 Capitol.

ROLL CALL

Members Present:

Rep. Lila Taylor, Chairman (R)
Sen. Mike Taylor, Vice Chairman (R)
Sen. Eve Franklin (D)
Sen. Ken Mesaros (R)
Rep. Ray Peck (D)
Rep. Joe Quilici (D)

Members Excused: None.

Members Absent: None.

Staff Present: Lynn Daily, Committee Secretary
Greg DeWitt, Legislative Branch
Amy Sassano, OBPP

Please Note: These are summary minutes. Testimony and
discussion are paraphrased and condensed.

Committee Business Summary: Department of Transportation Budget
Testimony Continued
- Motor Pool
- Equipment

EXHIBIT (jgh25a01): Advisory Council Costs

Jim Curry states that there are parts of the law that are hard to
administer.

- in 1991 fuel taxes were levied at retail level
 - now they are at whole retail level
- Fuel Tax Administration Advisory Council
- DOT would staff and oversee
 - the advisory council would:

February 1, 1999

PAGE 2 of 8

- make recommendation to the governor on fuel tax issues
- draft any legislation on fuel tax issues

SEN. TAYLOR asks what is the reason for 15 people. **Mr. Curry** says there would be two Representatives, two senators, the livestock association, Montana Grain Growers, Petroleum marketers, AAA, etc. They wanted anyone who had a stake to be involved. **SEN. TAYLOR** asks what the mission is. **Mr. Curry** says they looked at how Ag refunds are being administered. They also will look at if Montana should be selling dyed Diesel fuel at retail dealers.

SEN. TAYLOR asks if there is any committee already in existence that could work on this. **Mr. Curry** says he doesn't know. This would be an interim committee. **SEN. TAYLOR** asks what would happen if the committee was cut 7 members. **Mr. Curry** says it would leave out vital players. **SEN. TAYLOR** believes less people would get more done.

Mr. Curry says a lot of rural legislators are getting a lot of complaints from people who used to get an Ag refund. The way the laws are written are vague and hard to interpret.

REP. QUILICI asks if they have a breakdown of who the people will be. **Marvin Dye** says they have been asked to consider other people.

SEN. TAYLOR asks if they could have these people come for a two day conference. **Mr. Dye** says these are people who are payed members of their organization. They have a lot of ground to cover. Each of these issues will be very time consuming. **SEN. TAYLOR** asks if this is a one time only. **Mr. Dye** says it will be here for two years and then it is gone. Once they have nailed down taxation they can look at a smaller group. They then would go to volunteers.

REP. QUILICI asks how much in fuel taxes are collected per year. **Mr. Dye** says \$130 Million in gas and \$140 Million in diesel.

REP. QUILICI asks if there is anyone from a consumer group that will represent the general public and does TEA-21 have any effect. **Mr. Dye** says no. They are not trying to take money away that they deserve.

{Tape : 1; Side : A; Approx. Time Counter : 0 - 30.8}

Dave Galt says this was a worked out compromise. Sen. Dublin wanted this prioritized separately. **REP. PECK** says the Canadian

February 1, 1999

PAGE 3 of 8

element was not mentioned and asks if they can run non-tax fuel in Montana. **Mr. Galt** says Montana requires all Ag producers to stay off the highway when running Diesel fuel.

Dave Galt talks about DP 1 - High Speed WIM Repair & Maintenance (page a-100).

- currently installed two in Montana: one in Colbertson and one in Lima. They allow trucks to stay on the highway and be weighed.

Questions from Committee Members and Responses:

CHAIRMAN TAYLOR asks if these are like the Decker ones. **Mr. Galt** says the ones at Decker are not as accurate. There are five put across the state for a test that he believes are federally funded. The trucks are the first priority. This provides accurate data so they can determine the mix the pavement needs. They can also schedule enforcement people to be there if there are GVW compliance problems.

SEN. TAYLOR asks what the cost of each machine is. **Mr. Galt** says they are \$350,000 each. The equipment is about \$40,000 but they have to do a large amount of concrete work. In Decker it was about \$15,000 for equipment and then it depends on the condition of the roads. He believes the payback is swift and can pay back in one year if it extends the lifetime of pavement.

Dave Galt talks about DP 2 - Equipment Rental (page a-101).

- have 19 vehicles

Mr. Galt talks about DP 4 - Intelligent Transportation System (page a-101).

- during the last fiscal year they had the opportunity to put one of their employees for nine months working for FHWA. The federal government would pay 80% of the salary. They are asking for the extra that was taken from the budget when the federal expense was paid for.

Questions from Committee Members and Responses:

SEN. TAYLOR asks what the bottom line was for doing this. **Mr. Galt** says there is a big fight going on between them. They got a Montana voice in the Western Region.

DP 5 - Overtime and Differential Pay (page a-101)

- would like this to be brought back into the 1998 base

New Proposals (page A-101)

DP 3 - Montana Jobs - Trucking Back-hauls

- Withdrawn

February 1, 1999

PAGE 4 of 8

DP 37 - Internet Permit Program (page A-101)

- can get permits on line
 - have previously had to have on hand
- \$35,000 to train people on how to use the system

Questions from Committee Members and Responses:

REP. QUILICI asks if any FTEs are associated with the expenses.

Mr. Galt says the expenses are in the development of the computer program.

SEN. TAYLOR asks how they are going to do this with the Vo-Tech schools. **Mr. Galt** says they have rooms with multiple computers. This would give trucking companies employers the opportunity to work on these. **SEN. TAYLOR** asks if they pay a Visa/Mastercard fee. **Mr. Galt** says they pay the state fee of 1.85%.

{Tape : 1; Side : B; Approx. Time Counter : 0 - 28.3}

CHAIRMAN TAYLOR states that maybe the companies should be paying the fees. **Mr. Galt** says before they were taking on the charge, but the bank said it was a violation of their contract. Not everyone is paying by credit card over the Internet. \$15,000 was an educated guess for a trend increase of using credit cards.

Mike Ferguson, Administrator of the Aeronautics Division, speaks for the Aeronautics program budget.

- they have a nine member governor appointed board
- operate 14 state owned airports
 - one in West Yellowstone
- have 23 non-directional air beacons
- 17 airway night beacons
- 67 air to ground communication centers provide updates

EXHIBIT (jgh25a02): 1999 Montana Aeronautics Airport Directory

EXHIBIT (jgh25a03): Montana Aeronautical Chart

they do an annual update in the safety and education bureau

- responsible for statewide air search and rescue
- do search and rescue training statewide
 - includes the sheriff offices and volunteers
- responsible for putting on annual flight refresher clinic and aviation mechanics certification renewal
- inspects towers and power line crossings over canyons
 - recommends marking or no construction
- operate on one cent per gallon tax on aviation fuel
 - took a hit when Malmstrom Airforce Base shut down refueling operations and moved it out of state

DP 1 - Reduction of Services (page A-103)

- reduction of one FTE

February 1, 1999

PAGE 5 of 8

- DP 2 - Airport Development Grants (page A-103)
- airport loan and grant program is funded by two additional pennies per gallon that general aviation people pay
 - one cent goes to loans and one to grants

- DP 5 - Airport Tax Transfer (page A-103)
- get 90% of the money

Questions from Committee Members and Responses:

REP. PECK asks if this is real or personal property. **Mr. Ferguson** says its personal.

Greg DeWitt states that the way the statute is written it has to go into the state special revenue fund and have a transfer to the West Yellowstone proprietary fund.

Mr. Ferguson says they are planning to do a runway overlay and ramp overlay in 2000.

{Tape : 2; Side : A; Approx. Time Counter : 0 - 26.4}

John Blacker, DOT, speaks for the budget.

Motor pool (Page A-93)

- proprietary account
- expanded over the past four years
- statewide
- about 197 car fleet for day-to-day usage
 - leased directly to state agencies OBPP established numbers and types of vehicles
- break even point of about 1000 miles per month
- work off of 60 day cash balance
- reduced numbers of vehicles in some agencies
- switch vehicles around to get the best usage
- motor pool management tracks all costs
- roughly 6 Million miles driven per year
- 13 shops statewide

has been a big question with rates of gas decreasing

- assuming prices will increase
- concerned with depreciation and maintenance of vehicles
- \$9.50 per day for cost of vehicles or milage, which ever is greater
- old rate was \$2.50 per day
 - didn't pay for the cost of the vehicle if not in used very much

Questions from Committee Members and Responses:

February 1, 1999

PAGE 6 of 8

SEN. TAYLOR asks why they do this through a loan. **Mr. Blacker** says the original motor pool was done through an internal loan. As the program got bigger the fund could not sustain the loan.

SEN. TAYLOR asks how much to total loan is for and what the projected pay down is. **Marvin Dye** says they have two separate loans, one for \$3.6 Million and one for \$2.5 Million and the pay down is five years.

Equipment Reduction (page A-95)

- assumed cost savings to the state for the agencies leasing as opposed to buying

Debt Service (page A-96)

- motor pool has 16 state programs participating
- 60 day cash balance allows them to make adjustments on payments

Questions from Committee Members and Responses:

SEN. TAYLOR asks about the increase in motor pool present law. Would they assume they are getting a better rate on insurance.

Mr. Blacker says the rate is per unit. **Greg DeWitt** says the only variable would be if they had better performance rates. **SEN. TAYLOR** asks what kind of vehicles they have. **Mr. Blacker** says they have vans, pickups, passenger vans, and SUVs.

SEN. TAYLOR asks when they developed the projections based on usages they obviously are not meeting these usages. **Amy Sassano** says in the spring they send out a survey. If they are on the road every day it is an inconvenience to go and get a daily fleet vehicle. **Mr. Blacker** says the first biennium they provided vehicles off of a "wish list" instead of a usage list. Now they can have the agencies justify usage. Some vehicles where high miles and not reliable so they weren't using them. They do have an overflow contract, which is at a higher rate. They also have an option of using their own vehicles.

{Tape : 2; Side : B; Approx. Time Counter : 0 - 31}

REP. PECK asks if the University system uses this. **Mr. Blacker** says no, but it is available to them.

Amy Sassano says in 1995 an audit study was done and they found the agencies were not maintaining the vehicle properly. The budget office would like to have one place to take care of the cars.

Mr. Blacker says some of the investigators use a skip plate, but they are required to have a vehicle number in the trunk or in the car to make know it is DOT vehicle. There is a bill introduced

February 1, 1999

PAGE 7 of 8

by Sen. Stang to define the regular usage of state owned vehicles.

Equipment Program (page A-97)

EXHIBIT (jgh25a04): Memo from John Blacker about the fiscal year 1999 Rental Rates and Regulation

EXHIBIT (jgh25a05): State Highway Equipment Operating Cost Report by Class by Subclass Status 2 Units

- over 4,000 pieces of equipment and track all costs
- during a major snow storm they travel the equivalent of about 1.5 times around to earth to plow
- 118.5 FTEs statewide
- buy components of snowplow and build their own trucks
 - \$72,000 per truck as apposed to \$104,000 if purchases outright
- has been the same budget for the last 10 years.
- have asked for additional \$1 Million per year for revenues
 - sell vehicles annually
 - put out to auction 2 times per year
 - city, county, and school districts sometimes buy and the rest go to auction
 - at the last couple of auctions they sold some of the one ton trucks with over 200,000 miles for \$14,000, which is about \$2,000 less then they bought them for
- increase to cover repair costs and inflation of purchasing equipment
 - looking to get 400,000-500,000 off of tandem axle trucks before they are turned over

Questions from Committee Members and Responses:

REP. QUILICI says to program anticipates an increase of 2 Million miles and 1,500 hours of usage for each fiscal year and asks how this is determined. **Mr. Blacker** says its part of the TEA-21 issue. They have a previous history of an associated project.

REP. QUILICI asks Mr. Blacker to explain the construction management system. **Mr. Blacker** says they develop a project to tell the amount of equipment, the number of people, and the amount of time. They try to analyze their people's work with the industry.

Mr. Blacker says if someone comes in and asks for a new tractor because their's is 25 years old they look at the actual usage. They assign a piece of equipment with a cross code and what level the majority of the equipment used.

February 1, 1999

PAGE 8 of 8

SEN. TAYLOR asks what happens if they only use the equipment 300-400 hours per year. **Mr. Blacker** says this is going to be 400 hours x \$18.81. This is going to be under utilized and they may go in and look at this.

{Tape : 3; Side : A; Approx. Time Counter : 0 - 30.3}

SEN. TAYLOR asks if when they get ready to do the rates they are taking this information and plugging it in. **Mr. Blacker** says that is correct. They have a very strong oversight when they develop the rates.

ADJOURNMENT

Adjournment: 12:22 P.M.

REP. LILA TAYLOR, Chairman

LYNN DAILY, Secretary

LT/LD

EXHIBIT (jgh25aad)